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FISCAL IMPACT REPORT

SPONSOR Picraux DATE TYPED 2/10/05 HB 336/aHBIC

SHORT TITLE Local Option Quality of Life Gross Receipts SB _____

ANALYST Taylor

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring Or Non-Rec	Fund Affected
FY05	FY06			
Indeterminate	Indeterminate	Indeterminate	Recurring	Local Funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
Taxation and Revenue Department (TRD)

For the Economic and Rural Development and Telecommunications Committee

SUMMARY

Synopsis of HBIC amendments

The House Business and Industry Committee amended the bill in the following way:

1. Minor changes are made to provisions governing the use of revenue for a class A county with a population of more than 250 thousand (Bernalillo County): a) new language allows one to three percent of revenue may be used “public education on the use of revenue” where before the amendment this revenue could be used for marketing cultural programs, events and activities; b) 3 to 5 percent of revenue may dedicated to the “administration of revenue; before this read administration.
2. A new provision is provided pertaining to the use of revenues in the municipality (Albuquerque); it would allow a portion of the funds allocated for the purpose of enhancing cultural programs and activities to be spent on an operating agreement with an organization that operates a facility owned by the municipality.

These amendments do not alter the overall fiscal impact of the bill

Synopsis of original bill

House Bill 336 allows counties to impose “the quality of life gross receipts tax”. The tax must be enacted by ordinance before January 1, 2016 and may not exceed a period of 10 years. Sub-

sequent ordinances may be enacted, and they too are limited to a ten year period. The tax may be imposed in one-sixteenth increments but can not exceed one-fourth percent in total. Tax revenues must be dedicated to cultural programs and activities provided either by a local government or by contract or agreement with non profit or publicly owned cultural organizations. Revenues must be used to meet goals such as promoting and preserving cultural diversity; enhancing cultural programs and activities; and promoting culture to further economic development. The bill states that the objective of the tax is to expand and sustain existing programs and activities and not to replace other funding.

The bill includes specific provisions as to how a class A county with a population of more than 250 thousand (Bernalillo County) may use tax proceeds: revenue may not be used for capital expenditures, endowments or fundraising; at least one percent but no more than 3 percent must be used marketing cultural programs and activities; at least three percent but no more than 5 percent must be dedicated for administration; and at least one percent but no more than three percent must be used for the implementation of the cultural plan for the county and its largest city.

The bill requires that the tax be put before the voters of the county and approved by majority vote. If approved by the voters, the tax becomes effective. If it fails, the county board may not propose it again for at least one-year from the time of the election.

The bill requires the county board to appoint county cultural advisory board within sixty days of an election approving the tax. The board is to consist of between nine and fifteen members with staggered three-year terms. Members are appointed for fixed terms and may be removed only for malfeasance. Board members may not serve for more than two consecutive terms. The board is responsible for making budget recommendations and overseeing the distribution of funds in a manner that is consistent with the goals of the quality of life gross receipts tax. The board is required to develop guidelines for applying and granting funds and for establishing reporting guidelines and procedures.

The bill has no effective date. Provisions are assumed to become applicable 90 days after the end of the 2005 legislative session.

FISCAL IMPLICATIONS

The fiscal impact of this bill is limited to counties. The size of the impact is indeterminate since it is unknown how many counties would choose to propose the tax and whether voters in those counties would approve it. TRD submitted a table showing the maximum revenues counties could possibly raise. The table is attached.

ADMINISTRATIVE IMPLICATIONS

TRD indicated that the administrative implications would be modest and could be absorbed with existing resources.

SUBSTANTIVE ISSUES

TRD reported the following issue:

The bill states that an election shall be called within ninety days of the date the ordinance is adopted on the question of imposing the quality of life gross receipts tax. Section 7-20E-3 NMSA 1978 states that a tax authorized by the County Local Option Gross Re-

ceipts Taxes Act shall be called within seventy-five days of the date the ordinance is adopted.

BT/sb:lg

Attachment

This table was submitted by the Taxation and Revenue Department.

**Potential Revenue Attributable to a 0.25% Quality of Life GRT Option
(Based on FY 2004 tax base. Revenue in a future period may be higher due to tax base growth)**

<u>County / City</u>	Taxable Gross Receipts (FY 2004)	Total Potential Revenue: Quality of Life Gross Receipts Tax (0.25%)	Local Government Revenue	TRD Admin. Fees
Bernalillo (Remainder)	1,576,053,550	3,940,134	3,821,930	118,204
Albuquerque	12,260,458,694	30,651,147	29,731,612	919,534
State Fairgrounds (Rmndr)	14,208,122	35,520	34,455	1,066
Los Ranchos de Albuquerque	67,669,835	169,175	164,099	5,075
Tijeras	27,349,483	68,374	66,322	2,051
Corrales (1)	24,480,898	61,202	59,366	1,836
Rio Rancho (2)	110,387,137	275,968	267,689	8,279
County Total	14,080,607,719	35,201,519	34,145,474	1,056,046
Catron (Remainder)	28,346,111	70,865	68,739	2,126
Reserve	5,226,784	13,067	12,675	392
County Total	33,572,895	83,932	81,414	2,518
Chaves (Remainder)	111,875,447	279,689	271,298	8,391
Roswell	697,398,307	1,743,496	1,691,191	52,305
Dexter	18,115,139	45,288	43,929	1,359
Hagerman	10,626,386	26,566	25,769	797
Lake Arthur	1,653,512	4,134	4,010	124
County Total	839,668,791	2,099,172	2,036,197	62,975
Cibola (Remainder)	36,183,982	90,460	87,746	2,714
Milan	59,039,883	147,600	143,172	4,428
Grants	152,163,408	380,409	368,996	11,412
County Total	247,387,273	618,468	599,914	18,554
Colfax (Remainder)	50,346,629	125,867	122,091	3,776
Raton	108,466,812	271,167	263,032	8,135
Maxwell	1,674,494	4,186	4,061	126
Springer	8,838,849	22,097	21,434	663
Cimarron	7,727,967	19,320	18,740	580
Eagle Nest	5,054,031	12,635	12,256	379
Angel Fire	67,196,409	167,991	162,951	5,040
County Total	249,305,191	623,263	604,565	18,698

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<u>County / City</u>	Taxable Gross Receipts (FY 2004)	Total Potential Revenue: Quality of Life Gross Receipts Tax (0.25%)	Local Government Revenue	TRD Admin. Fees
Curry (Remainder)	80,500,889	201,252	195,215	6,038
Clovis	586,865,693	1,467,164	1,423,149	44,015
Clovis Airport (Rmndr)	4,812,300	12,031	11,670	361
Grady	1,237,849	3,095	3,002	93
Texico	5,716,266	14,291	13,862	429
Melrose	4,321,976	10,805	10,481	324
County Total	683,454,973	1,708,637	1,657,378	51,259
De Baca (Remainder)	6,518,948	16,297	15,808	489
Fort Sumner	12,421,480	31,054	30,122	932
County Total	18,940,428	47,351	45,931	1,421
Dona Ana (Remainder)	520,628,800	1,301,572	1,262,525	39,047
Las Cruces	1,784,684,051	4,461,710	4,327,859	133,851
Hatch	25,259,725	63,149	61,255	1,894
Mesilla	26,572,830	66,432	64,439	1,993
Sunland Park	92,800,422	232,001	225,041	6,960
County Total	2,449,945,828	6,124,865	5,941,119	183,746
Eddy (Remainder)	502,486,183	1,256,215	1,218,529	37,686
Carlsbad	488,937,670	1,222,344	1,185,674	36,670
Artesia	282,538,744	706,347	685,156	21,190
Hope	1,763,758	4,409	4,277	132
Loving	9,581,104	23,953	23,234	719
County Total	1,285,307,459	3,213,269	3,116,871	96,398
Grant (Remainder)	102,600,969	256,502	248,807	7,695
Silver City	251,392,704	628,482	609,627	18,854
Bayard	12,843,372	32,108	31,145	963
Santa Clara	4,896,273	12,241	11,873	367
Hurley	3,857,924	9,645	9,355	289
County Total	375,591,242	938,978	910,809	28,169
Guadalupe (remainder)	13,257,756	33,144	32,150	994
Santa Rosa	45,299,125	113,248	109,850	3,397
Vaughn	5,149,312	12,873	12,487	386
County Total	63,706,193	159,265	154,488	4,778
Harding (Remainder)	1,534,223	3,836	3,720	115
Roy	3,867,465	9,669	9,379	290
Mosquero (3)	660,233	1,651	1,601	50
County Total	6,061,921	15,155	14,700	455

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<u>County / City</u>	Taxable Gross Receipts (FY 2004)	Total Potential Revenue: Quality of Life Gross Receipts Tax (0.25%)	Local Government Revenue	TRD Admin. Fees
Hidalgo (Remainder)	25,013,581	62,534	60,658	1,876
Lordsburg	41,847,820	104,620	101,481	3,139
Viriden	139,603	349	339	10
County Total	67,001,004	167,503	162,477	5,025
Lea (Remainder)	428,121,157	1,070,303	1,038,194	32,109
Hobbs	848,245,491	2,120,614	2,056,995	63,618
Lovington Industrial Park (Rmndr)	14,389,400	35,974	34,894	1,079
Eunice	55,001,776	137,504	133,379	4,125
Jal	19,146,385	47,866	46,430	1,436
Lovington	130,982,033	327,455	317,631	9,824
Tatum	11,464,136	28,660	27,801	860
County Total	1,507,350,378	3,768,376	3,655,325	113,051
Lincoln (Remainder)	122,103,488	305,259	296,101	9,158
Ruidoso	204,185,567	510,464	495,150	15,314
Capitan	13,678,431	34,196	33,170	1,026
Carrizozo	9,478,811	23,697	22,986	711
Corona	2,525,848	6,315	6,125	189
Ruidoso Downs	87,414,445	218,536	211,980	6,556
County Total	439,386,590	1,098,466	1,065,512	32,954
Los Alamos (Remainder)	-	-	-	-
Los Alamos	796,545,760	1,991,364	1,931,623	59,741
County Total	796,545,760	1,991,364	1,931,623	59,741
Luna (Remainder)	44,600,808	111,502	108,157	3,345
Deming	186,591,640	466,479	452,485	13,994
Deming Industrial Park (Rmndr)	95,229,160	238,073	230,931	7,142
Columbus	5,344,662	13,362	12,961	401
County Total	331,766,270	829,416	804,533	24,882
McKinley (Remainder)	351,151,893	877,880	851,543	26,336
Gallup	579,457,104	1,448,643	1,405,183	43,459
County Total	930,608,997	2,326,522	2,256,727	69,796
Mora (Remainder)	21,645,005	54,113	52,489	1,623
Wagon Mound	10,710,419	26,776	25,973	803
County Total	32,355,424	80,889	78,462	2,427

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<u>County / City</u>	Taxable Gross Receipts (FY 2004)	Total Potential Revenue: Quality of Life Gross Receipts Tax (0.25%)	Local Government Revenue	TRD Admin. Fees
San Juan (Remainder)	1,163,750,363	2,909,376	2,822,095	87,281
Aztec	104,792,261	261,981	254,121	7,859
Farmington	1,590,587,588	3,976,469	3,857,175	119,294
Bloomfield	111,815,962	279,540	271,154	8,386
County Total	2,970,946,174	7,427,365	7,204,544	222,821
San Miguel (Remainder)	38,443,007	96,108	93,224	2,883
Las Vegas	234,367,770	585,919	568,342	17,578
Pecos	7,822,543	19,556	18,970	587
Mosquero (3)	76,978	192	187	6
County Total	280,710,298	701,776	680,722	21,053
Santa Fe (remainder)	569,467,553	1,423,669	1,380,959	42,710
Santa Fe	2,657,025,667	6,642,564	6,443,287	199,277
Santa Fe Airport (remainder)	11,958,261	29,896	28,999	897
Edgewood	53,814,520	134,536	130,500	4,036
Espanola (4)	41,623,280	104,058	100,936	3,122
County Total	3,333,889,281	8,334,723	8,084,682	250,042
Sierra (Remainder)	30,211,337	75,528	73,262	2,266
Truth or Consequences	78,891,611	197,229	191,312	5,917
T or C Airport (rmndr)	321,120	803	779	24
Williamsburg	2,050,945	5,127	4,974	154
Elephant Butte	11,183,975	27,960	27,121	839
County Total	122,658,988	306,647	297,448	9,199
Socorro (Remainder)	30,795,993	76,990	74,680	2,310
Socorro	106,635,779	266,589	258,592	7,998
Socorro Industrial Park (Rmndr)	1,194,535	2,986	2,897	90
Magdalena	7,819,887	19,550	18,963	586
County Total	146,446,194	366,115	355,132	10,983
Taos (Remainder)	148,899,651	372,249	361,082	11,167
Taos	332,527,612	831,319	806,379	24,940
Questa Airport (Rmndr)	1,479,324	3,698	3,587	111
Taos Airport (Rmndr)	1,746,346	4,366	4,235	131
Questa	9,415,178	23,538	22,832	706
Red River	33,858,445	84,646	82,107	2,539
Taos Ski Valley	40,562,105	101,405	98,363	3,042
County Total	568,488,661	1,421,222	1,378,585	42,637

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<u>County / City</u>	Taxable Gross Receipts (FY 2004)	Total Potential Revenue: Quality of Life Gross Receipts Tax (0.25%)	Local Government Revenue	TRD Admin. Fees
Torrance (Remainder)	54,347,531	135,869	131,793	4,076
Mountainair	7,114,682	17,787	17,253	534
Moriarty Airport (Rmndr)	682,721	1,707	1,656	51
Moriarty	59,804,666	149,512	145,026	4,485
Willard	899,071	2,248	2,180	67
Encino	837,519	2,094	2,031	63
Estancia	27,059,501	67,649	65,619	2,029
County Total	150,745,691	376,864	365,558	11,306
Union (Remainder)	27,517,065	68,793	66,729	2,064
Clayton	32,870,413	82,176	79,711	2,465
Des Moines	2,534,388	6,336	6,146	190
Grenville	99,342	248	241	7
Folsom	243,230	608	590	18
County Total	63,264,438	158,161	153,416	4,745
Valencia (Remainder)	122,274,700	305,687	296,516	9,171
Belen	191,839,707	479,599	465,211	14,388
Alexander Airport (Rmndr)	421,471	1,054	1,022	32
Los Lunas	252,177,636	630,444	611,531	18,913
Bosque Farms	29,028,478	72,571	70,394	2,177
County Total	595,741,992	1,489,355	1,444,674	44,681
TOTAL	35,046,922,747	87,617,307	84,988,788	2,628,519

NOTES:

- (1) Corrales lies within both Bernalillo County and Sandoval County. Gross receipts amounts are shown separately.
- (2) Rio Rancho lies within both Bernalillo County and Sandoval County. Gross receipts amounts are shown separately.
- (3) Mosquero lies within both Harding County and San Miguel County. Gross receipts amounts are shown separately.
- (4) Espanola lies within both Rio Arriba County and Santa Fe County. Gross receipts amounts are shown separately.